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Report Highlights:

Indian basmati fails to bag GI status, *Inflation rate eases marginally to 11.89%*,
Registration of cotton export contracts made mandatory, *Pepsico to produce Quaker Oats
in India*, *Beer slips to slowest growth in three years*, *Discourage future trading in
agricultural products: Panel*, *BANGLADESH: Agriculture still trapped in ad hoc policy
making*, *BANGLADESH: Private rice import dips as price on international market goes up*.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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INDIAN BASMATI FAILS TO BAG GI STATUS

An Indian entity's four-year-old bid to patent basmati rice by securing the geographical indication (GI) status for the aromatic grain has failed, making the premium variety vulnerable to unauthorized use of its name and patent claims elsewhere. A seven-member consultative group headed by V. Ravi, the Controller General for Patents, Design and Trade Marks, recently rejected an application for GI status for the rice variety filed by a Haryana-based Heritage Foundation in August 2004, citing flaws and lack of relevant data, said a Commerce and Industry Ministry official. The Heritage Foundation is a trust mainly composed of rice millers and exporters. Basmati, a slender, long-grained and fragrant variety of rice, is grown in Punjab and Haryana. (Source: Mint, 07/22/08)

INFLATION RATE EASES marginally TO 11.89%

The annual wholesale price index-based inflation at 11.89 percent for the week ending July 12 was marginally lower than the previous week's 11.91 percent. The year-on-year inflation rate was 4.76 percent during the corresponding week a year ago. On a disaggregated basis, the index for the 'Food Articles' group rose by 0.6 percent due to higher inflation in items such as coffee (8 percent), fruits and vegetables, urad, and mutton (2 percent) and pigeon peas, mung beans, and sorghum (1 percent). However, the inflationary trend in case of fish, tea, condiments and spices, and maize declined. (Source: Business Line, 07/25/08)

REGISTRATION OF COTTON EXPORT CONTRACTS MADE MANDATORY

The Directorate General of Foreign Trade issued a notification that all export contracts for cotton should be registered with the Textile Commissioner prior to shipment, and custom officials will not clear the cotton shipment unless the export contracts registration is verified. The restriction covers exports of cotton, cotton waste and yarn waste. Earlier, the government scrapped the basic duty of 10 percent plus special additional duty of 4 percent on imports of cotton. A senior official from the Textile Commissioner's Office said that registration will help government monitor exports and stocks to take appropriate decision since official trade data from Directorate General of Commercial Intelligence and Statistics comes after a lag of eight to ten months. While the registration process is expected to streamline the domestic supply chain that has fallen prey to speculation, industry seeks a cap on exports to check the high cotton prices and uncertainty in the market. The Secretary General of Confederation of Indian Textile Industry said that unless quantitative restrictions on exports are brought, problem of speculative high cotton prices in the domestic market will continue. (Source: Economic Times, 08/23/08)

PEPSICO TO PRODUCE QUAKER OATS IN INDIA

PepsiCo is aggressively working towards manufacturing breakfast cereal brand Quaker Oats in India and is hopeful to actualize its plans within two years. The company is working closely with farmers in Punjab, Madhya Pradesh, Karnataka, and Rajasthan for growing oats.

"Currently we are importing Quaker Oats from Australia to India and carrying out the packaging in the plant located in Pune. We started selling Quaker here last year and driven by the response we thought of manufacturing the brand from here. The process is on to evaluate the feasibility of producing oats here to meet the market demand. Once the seeds are tested successfully, varieties listed, and the processing details worked out, the company would start growing oats in India," said PepsiCo India Holdings' Executive Vice President. (Source: Financial Express, 07/25/08)

BEER SLIPS TO SLOWEST GROWTH IN THREE YEARS

India's beer consumption in the first quarter [of IFY 2008/09] reported the slowest growth in volume over three years. The domestic beer consumption expanded three to five percent to roughly 46 million cases in the first three months, falling way below the 15 to 20 percent growth witnessed in recent times, according to data from brewers. The beer consumption recorded robust double digit increase for the last 12 successive quarters riding on economic buoyancy, lifestyle changes and fall in beer prices helped by trade and excise reforms across several states. Major domestic brewers now expect the domestic industry to grow at around 10 percent during the current financial year compared to 14 and 27 percent in the two preceding financial years. "The economic outlook may have an impact on consumption going forward, since beer is mostly a celebratory drink," said SABMiller Director-Corporate Affairs. (Source: Economic Times, 07/19/08)

DISCOURAGE FUTURE TRADING IN AGRICULTURAL PRODUCTS: PANEL

A Parliament panel has advised that futures trading in agricultural commodities should be discouraged as speculative trade leads to an artificial rise in price. In its report tabled in the Lok Sabha on July 22, 2008, the Parliament Standing Committee on Agriculture said that though futures offer a good hedging mechanism, it has not benefited small farmers in India so far. The Parliament panel's view gains significance ahead of the government's review of suspension of futures in soy oil, chana (chickpea), rubber and potatoes. Earlier, on May 7, the government had suspended futures trading in all four commodities for a period of four months. (Source: Business Standard, 07/24/08)

BANGLADESH: AGRICULTURE STILL TRAPPED IN AD HOC POLICY MAKING

With production of major cereal crops other than rice declining steadily, the country's agriculture is still trapped in ad hoc policy making in the pursuit of gaining self-sufficiency in food while farmland area is depleting at an annual rate of over one per cent. The agriculture ministry admits that successive governments fixed all their focus on higher production of rice, while import bills for cooking oils and pulses continued to inflate due to global price volatility in recent years. Cultivation area of pulses shrank further to 322,000 hectares with output declining to 258,000 tons in 2006-07 from 694,000 hectares with production of 528,000 tons in 1996-97. The country's oil seed production was 322,000 tons from 317,000 hectares in 2005-06 fiscal compared to 478,000 tons on 555,000 hectares in 1996-97 fiscal year. Production of wheat also dropped from 1.5 million tons on 707,100 hectares in 1996-97 to 740,000 tons on 400,000 hectares in 2006-07 fiscal year. More than 50 per cent of the country's demand for pulses of 1.5 million tons a year is met by imports. Oil seed and edible oil import bills surged to nearly \$800 million in FY 2006-07 from \$278 million in 1996-97 fiscal. Since rice is the staple food and a politically-sensitive product, agricultural policymakers during all the successive regimes concentrated almost solely on rice production and cared little about other major items. Unplanned urbanization, scattered industrialization and imprudent infrastructure building on political considerations are common reasons behind shrinkage in arable land. (Source: The New Age, 07/20/08)

BANGLADESH: PRIVATE RICE IMPORT DIPS AS PRICE ON INTERNATIONAL MARKET GOES UP

The country's rice and wheat importers have refrained from importing the food grains for the last several months, triggering a shortage in the local market as well as raising their prices, observed traders and officials concerned. Steep rises in the price of rice on the international markets coupled with India's refusal to export rice to Bangladesh have further inflamed the situation that has also been discouraging for the importers, they added. According to the food ministry, a total of 3.45 million tons of food grains were imported in the last fiscal year out of which about two-thirds (2.56 million tons) were imported by the private sector. The Food Adviser, however, said that overall procurement was in a very solid position with about 964,000 tons of food grains already in government warehouses. This time last year the reserve was 625,000 tons. The reserve is expected to improve once the remainder of the rice from India arrives by August, he added. There is little chance of importing rice by the private sector in the next few months, said a number of importers adding that the situation would have been different had they been able to import from India. (Source: The Daily Star, 07/22/08)

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
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IN8079	FAIRS: Proposed Amendment to the PFA Rule Relating to Pesticide Tolerance Limits	07/22/08

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